



Senate

General Assembly

File No. 88

January Session, 2001

Substitute Senate Bill No. 791

Senate, April 2, 2001

The Committee on Banks reported through SEN. MCDERMOTT of the 34th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING COMMUNITY REINVESTMENT BY COMMUNITY CREDIT UNIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-3 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 Other definitions applying to this title or to specified parts thereof
4 and the sections in which they appear are:

5 "Account". Sections 36a-155 and 36a-365.

6 "Advance fee". Sections 36a-510, 36a-485 and 36a-615.

7 "Advertise" or "advertisement". Sections 36a-485 and 36a-510.

8 "Agency bank". Section 36a-285.

9 "Alternative mortgage loan". Section 36a-265.

- 10 "Amount financed". Section 36a-690.
- 11 "Annual percentage rate". Section 36a-690.
- 12 "Annual percentage yield". Section 36a-316.
- 13 "Applicant". Section 36a-736.
- 14 "Assessment area". Section 2 of this act.
- 15 "Associate". Section 36a-184.
- 16 "Bank". Section 36a-30.
- 17 "Bankers' bank". Section 36a-70.
- 18 "Banking business". Section 36a-425.
- 19 "Billing cycle". Section 36a-565.
- 20 "Bona fide nonprofit organization". Section 36a-655.
- 21 "Branch". Sections 36a-145 and 36a-410.
- 22 "Branch or agency net payment entitlement". Section 36a-428n.
- 23 "Branch or agency net payment obligation". Section 36a-428n.
- 24 "Broker". Section 36a-510.
- 25 "Business and industrial development corporation". Section 36a-626.
- 26 "Business and property in this state". Section 36a-428n.
- 27 "Cash advance". Section 36a-564.
- 28 "Cash price". Section 36a-770.
- 29 "Certificate of organization". Section 36a-435.

- 30 "Closely related activities". Section 36a-250.
- 31 "Collective managing agency account". Section 36a-365.
- 32 "Commercial vehicle". Section 36a-770.
- 33 "Community bank". Section 36a-70.
- 34 "Community credit union". Section 2 of this act.
- 35 "Community development bank". Section 36a-70.
- 36 "Community reinvestment performance". Section 2 of this act.
- 37 "Connecticut holding company". Section 36a-410.
- 38 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- 39 "Consumer Credit Protection Act". Section 36a-676.
- 40 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
- 41 "Consumer collection agency". Section 36a-800.
- 42 "Controlling interest". Section 36a-276.
- 43 "Credit". Sections 36a-645 and 36a-676.
- 44 "Creditor". Sections 36a-676, 36a-695 and 36a-800.
- 45 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- 46 "Credit clinic". Section 36a-695.
- 47 "Credit rating agency". Section 36a-695.
- 48 "Credit report". Section 36a-695.
- 49 "Credit sale". Section 36a-676.

- 50 "De novo branch". Section 36a-410.
- 51 "Debt". Section 36a-645.
- 52 "Debt adjustment". Section 36a-655.
- 53 "Debt mutual fund". Section 36a-275.
- 54 "Debt securities". Section 36a-275.
- 55 "Deliver". Section 36a-316.
- 56 "Deposit". Section 36a-316.
- 57 "Deposit account". Section 36a-316.
- 58 "Deposit account charge". Section 36a-316.
- 59 "Deposit account disclosures". Section 36a-316.
- 60 "Deposit contract". Section 36a-316.
- 61 "Deposit services". Section 36a-425.
- 62 "Depositor". Section 36a-316.
- 63 "Earning period". Section 36a-316.
- 64 "Electronic payment instrument". Section 36a-596.
- 65 "Eligible account holder". Section 36a-136.
- 66 "Eligible collateral". Section 36a-330.
- 67 "Equity mutual fund". Section 36a-276.
- 68 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- 69 "Fiduciary". Section 36a-365.

- 70 "Filing fee". Section 36a-770.
- 71 "Finance charge". Sections 36a-690 and 36a-770.
- 72 "Financial institution". Sections 36a-41, 36a-155, 36a-316, 36a-330 and
73 36a-736.
- 74 "Financial records". Section 36a-41.
- 75 "First mortgage loan". Sections 36a-485, 36a-705 and 36a-715.
- 76 "Fiscal year". Section 36a-435.
- 77 "Foreign banking corporation". Section 36a-425.
- 78 "General facility". Section 36a-580.
- 79 "Global net payment entitlement". Section 36a-428n.
- 80 "Global net payment obligation". Section 36a-428n.
- 81 "Goods". Sections 36a-535 and 36a-770.
- 82 "Graduated payment mortgage loan". Section 36a-265.
- 83 "Guardian". Section 36a-365.
- 84 "Holder". Section 36a-596.
- 85 "Home banking services". Section 36a-170.
- 86 "Home banking terminal". Section 36a-170.
- 87 "Home improvement loan". Section 36a-736.
- 88 "Home purchase loan". Section 36a-736.
- 89 "Home state". Section 36a-410.
- 90 "Immediate family". Section 36a-435.

- 91 "Installment loan contract". Sections 36a-535 and 36a-770.
- 92 "Instrument". Section 36a-596.
- 93 "Insurance bank". Section 36a-285.
- 94 "Insurance department". Section 36a-285.
- 95 "Interest". Section 36a-316.
- 96 "Interest rate". Section 36a-316.
- 97 "Lender". Sections 36a-510 and 36a-770.
- 98 "Lessor". Section 36a-676.
- 99 "License". Section 36a-626.
- 100 "Licensee". Sections 36a-510, 36a-596 and 36a-626.
- 101 "Limited branch". Section 36a-145.
- 102 "Limited facility". Section 36a-580.
- 103 "Loan broker". Section 36a-615.
- 104 "Loss". Section 36a-330.
- 105 "Made in this state". Section 36a-770.
- 106 "Managing agent". Section 36a-365.
- 107 "Member". Section 36a-435.
- 108 "Membership share". Section 36a-435.
- 109 "Money order". Section 36a-596.
- 110 "Mortgage broker". Section 36a-485.

- 111 "Mortgage insurance". Section 36a-725.
- 112 "Mortgage lender". Sections 36a-485 and 36a-705.
- 113 "Mortgage loan". Sections 36a-261 and 36a-265.
- 114 "Mortgage rate lock-in". Section 36a-705.
- 115 "Mortgage servicing company". Section 36a-715.
- 116 "Mortgagor". Section 36a-715.
- 117 "Motor vehicle". Section 36a-770.
- 118 "Multiple common bond membership". Section 36a-435.
- 119 "Municipality". Section 36a-800.
- 120 "Net worth". Section 36a-596.
- 121 "Network". Section 36a-155.
- 122 "Note account". Sections 36a-301 and 36a-445.
- 123 "Office". Section 36a-316.
- 124 "Open-end credit plan". Section 36a-676.
- 125 "Open-end loan". Section 36a-565.
- 126 "Organization". Section 36a-800.
- 127 "Out-of-state holding company". Section 36a-410.
- 128 "Outstanding". Section 36a-596.
- 129 "Passbook savings account". Section 36a-316.
- 130 "Periodic statement". Section 36a-316.

- 131 "Permissible investment". Section 36a-596.
- 132 "Person". Section 36a-184.
- 133 "Post". Section 36a-316.
- 134 "Prime quality". Section 36a-596.
- 135 "Principal amount of the loan". Section 36a-510.
- 136 "Principal officer". Section 36a-485.
- 137 "Processor". Section 36a-155.
- 138 "Public deposit". Section 36a-330.
- 139 "Purchaser". Section 36a-596.
- 140 "Qualified financial contract". Section 36a-428n.
- 141 "Qualified public depository" and "depository". Section 36a-330.
- 142 "Records". Section 36a-17.
- 143 "Relocate". Section 36a-145.
- 144 "Residential property". Section 36a-485.
- 145 "Retail buyer". Sections 36a-535 and 36a-770.
- 146 "Retail credit transaction". Section 42-100b.
- 147 "Retail deposits". Section 36a-70.
- 148 "Retail installment contract". Sections 36a-535 and 36a-770.
- 149 "Retail installment sale". Sections 36a-535 and 36a-770.
- 150 "Retail seller". Sections 36a-535 and 36a-770.

- 151 "Reverse annuity mortgage loan". Section 36a-265.
- 152 "Sales finance company". Sections 36a-535 and 36a-770.
- 153 "Savings department". Section 36a-285.
- 154 "Savings deposit". Section 36a-316.
- 155 "Secondary mortgage loan". Section 36a-510.
- 156 "Security convertible into a voting security". Section 36a-184.
- 157 "Share". Section 36a-435.
- 158 "Simulated check". Sections 36a-485 and 36a-510.
- 159 "Single common bond membership". Section 36a-435.
- 160 "Social purpose investment". Section 36a-277.
- 161 "Standard mortgage loan". Section 36a-265.
- 162 "Tax and loan account". Sections 36a-301 and 36a-445.
- 163 "The Savings Bank Life Insurance Company". Section 36a-285.
- 164 "Time account". Section 36a-316.
- 165 "Transaction". Section 36a-215.
- 166 "Travelers check". Section 36a-596.
- 167 "Troubled financial institution". Section 36a-215.
- 168 "Uninsured bank". Section 36a-70.
- 169 "Unsecured loan". Section 36a-615.
- 170 Sec. 2. (NEW) As used in sections 2 to 7, inclusive, of this act:

171 (1) "Assessment area" means one or more of the geographic areas as
172 delineated by a community credit union that (A) consist of one or more
173 metropolitan statistical areas or one or more contiguous political
174 subdivisions, including, but not limited to, counties, cities or towns, (B)
175 include geographies in which the community credit union has its
176 principal office, subsidiary offices and share-taking automated teller
177 machines, and (C) include the surrounding geographies in which the
178 community credit union originates or purchases a substantial portion
179 of its loans.

180 (2) "Community credit union" means a Connecticut credit union that
181 has ten million dollars or more in total assets and the membership of
182 which is limited to persons within a well-defined local community,
183 neighborhood or rural district as provided in subsection (a) of section
184 36a-438 of the general statutes.

185 (3) "Community reinvestment performance" means the performance
186 of a community credit union in helping to meet the credit needs of its
187 entire community including low-income and moderate-income
188 neighborhoods.

189 Sec. 3. (NEW) (a) Each community credit union shall satisfy its
190 continuing and affirmative obligation to help meet the credit needs of
191 its local community, including low-income and moderate-income
192 neighborhoods, consistent with the safe and sound operation of such
193 community credit union.

194 (b) Not later than six months following the effective date of this act,
195 each community credit union shall delineate one or more assessment
196 areas within which the Commissioner of Banking shall evaluate the
197 community credit union's community reinvestment performance in
198 this state and shall file such delineations with the commissioner. An
199 assessment area shall consist only of whole geographies, and may not
200 (1) reflect illegal discrimination, (2) arbitrarily exclude low-income or
201 moderate-income geographies, or (3) extend substantially beyond a

202 consolidated metropolitan statistical area boundary or beyond a state
203 boundary, unless the assessment area is located in a multistate
204 metropolitan statistical area. A community credit union may adjust the
205 boundaries of its assessment areas to include only the portion of a
206 political subdivision that it reasonably can be expected to serve. A
207 community credit union shall immediately file an amendment with the
208 Commissioner of Banking reflecting an adjustment of the boundaries
209 of an assessment area.

210 (c) The Commissioner of Banking shall assess periodically the
211 community reinvestment performance of a community credit union
212 consistent with the safe and sound operation of the community credit
213 union. The commissioner shall assess the community reinvestment
214 performance of such community credit union based on: (1) The
215 community credit union's record of helping to meet the credit needs of
216 its assessment area or areas through qualified investments that benefit
217 its assessment area or areas or a broader state-wide or regional area
218 that includes its assessment area or areas; (2) the community credit
219 union's record of helping to meet the credit needs of its assessment
220 area or areas, by analyzing both the availability and effectiveness of its
221 systems for delivering retail credit union services and the extent and
222 innovativeness of its community development services; (3) loan-to-
223 share ratio given the community credit union's size and financial
224 condition, credit needs of the assessment area or areas, other lending-
225 related activities, considering seasonal variations, as used in 12 CFR
226 228.26; (4) percentage of total loans and other lending-related activities
227 within the assessment area or areas; (5) record of lending and other
228 lending-related activities to borrowers of different income levels, and
229 businesses and farms of different sizes; (6) geographic distribution of
230 loans; (7) action taken in response to written complaints with respect to
231 community reinvestment performance; (8) efforts of the community
232 credit union to work with delinquent residential mortgage customers
233 who are unemployed or underemployed to facilitate a resolution of the
234 delinquency; and (9) written comments received by the commissioner.

235 (d) (1) Upon the completion of the assessment required under
236 subsection (c) of this section, the commissioner shall prepare a written
237 evaluation of the community credit union's community reinvestment
238 performance.

239 (2) The performance evaluation shall (A) state the commissioner's
240 assessment of the community reinvestment performance of the
241 community credit union, (B) set forth and discuss the facts supporting
242 such assessment, and (C) contain the community credit union's rating
243 and a statement describing the basis for the rating. The rating shall be
244 one of the following: (i) Outstanding record of meeting community
245 credit needs; (ii) satisfactory record of meeting community credit
246 needs; (iii) needs to improve record of meeting community credit
247 needs; or (iv) substantial noncompliance in meeting community credit
248 needs. The commissioner shall furnish a copy of the performance
249 evaluation to the community credit union upon its completion.

250 Sec. 4. (NEW) (a) Each community credit union shall provide to the
251 public upon request copies of the most recent community reinvestment
252 performance evaluation prepared by the Commissioner of Banking
253 pursuant to section 3 of this act. A community credit union may charge
254 a reasonable fee not to exceed the cost of copying and mailing, if
255 applicable.

256 (b) Each community credit union shall maintain a public file in
257 which it shall place, not later than thirty business days after its receipt
258 from the commissioner, a copy of the community credit union's most
259 recent community reinvestment performance evaluation prepared by
260 the commissioner pursuant to section 3 of this act. The community
261 credit union may also include in the public file any response to such
262 performance evaluation that such community credit union makes. The
263 community credit union shall make a copy of such performance
264 evaluation available to the public for inspection upon request and at
265 no cost at the community credit union's principal office and at each of

266 its subsidiary offices in this state. Any community credit union that
267 receives a rating of needs to improve record of meeting community
268 credit needs or of substantial noncompliance in meeting community
269 credit needs on its most recent evaluation shall include in its public file
270 a description of its current efforts to improve its performance in
271 helping to meet the credit needs of its entire community. The
272 community credit union shall update the description quarterly until
273 such time as it receives a satisfactory record of meeting community
274 needs or better rating from the commissioner.

275 Sec. 5. (NEW) Each community credit union shall provide in the
276 public lobby of its principal office and each of its subsidiary offices in
277 this state a public notice substantially similar to the following:

278 STATE OF CONNECTICUT

279 COMMUNITY REINVESTMENT NOTICE

280 The Commissioner of Banking evaluates our record of helping to
281 meet the credit needs of this community consistent with safe and
282 sound operations. The Commissioner of Banking may also consider
283 this record when deciding on certain applications submitted by us.

284 Your involvement is encouraged.

285 You may review today our most recent community reinvestment
286 performance evaluation prepared by the Commissioner of Banking.

287 You may send written comments about our community
288 reinvestment performance to the Commissioner of Banking (address).
289 Your comments, together with any response by us, will be considered
290 by the Commissioner of Banking in evaluating our community
291 reinvestment performance and may be made public.

292 You may ask to look at any comments received by the
293 Commissioner of Banking.

294 Sec. 6. (NEW) The Commissioner of Banking may consider the
295 community reinvestment performance of a community credit union in
296 connection with (1) an approval of an amendment to the certificate of
297 organization pursuant to subsection (g) of section 36a-437 of the
298 general statutes, as amended by this act, in connection with the
299 establishment or change of location of an office or change in the field of
300 membership; (2) an approval of an expansion of its field of
301 membership pursuant to subsection (d) of section 36a-438 of the
302 general statutes, as amended by this act; and (3) an approval of a
303 merger pursuant to section 36a-470 of the general statutes, as amended
304 by this act. The commissioner may withhold approval of or condition
305 an issuance of approval of such amendment, expansion or merger
306 pursuant to this section.

307 Sec. 7. (NEW) The Commissioner of Banking shall annually prepare
308 and submit to the State Treasurer a list of community credit unions
309 that the commissioner rated in a community reinvestment
310 performance evaluation prepared pursuant to section 3 of this act as:
311 (1) Needs to improve record of meeting community credit needs; or (2)
312 substantial noncompliance in meeting community credit needs. No
313 community credit union included in such list may receive funds under
314 the provisions of section 4-33 or 7-402 of the general statutes.

315 Sec. 8. Subsection (g) of section 36a-437 of the general statutes is
316 repealed and the following is substituted in lieu thereof:

317 (g) (1) (A) The certificate of organization of a Connecticut credit
318 union may, with the approval of the commissioner, be amended at any
319 time by the adoption of an amendment resolution by two-thirds of the
320 members of the governing board at any meeting. Written notice of
321 such meeting, together with the text of the proposed amendment shall
322 be given to each director at least seven days prior to the meeting. [(2)]
323 (B) A certificate of amendment shall be filed in triplicate with the
324 commissioner. The certificate of amendment shall set forth: [(A)] (i)

325 The name of the Connecticut credit union; [(B)] (ii) the amendment;
326 and [(C)] (iii) a statement of the number of directors' votes required to
327 take such action and the number of votes cast in favor of the
328 amendment. [(3)] (C) The commissioner, upon determining that the
329 certificate of organization, as amended, meets the requirements of
330 sections 36a-435 to 36a-475, inclusive, shall endorse the commissioner's
331 approval thereon, retain one copy, file one copy with the Secretary of
332 the State and return one copy, certified by the Secretary of the State, to
333 the Connecticut credit union.

334 (2) The commissioner may withhold approval of an amendment
335 sought by a community credit union, as defined in section 2 of this act,
336 in connection with the establishment or change of location of an office
337 or change in the field of membership under this subsection or
338 condition such approval pursuant to the provisions of section 6 of this
339 act.

340 Sec. 9. Subsection (d) of section 36a-438 of the general statutes is
341 repealed and the following is substituted in lieu thereof:

342 (d) (1) The commissioner may not approve an amendment to the
343 certificate of organization of a Connecticut credit union to expand its
344 field of membership unless the commissioner determines in writing
345 that [(1)] (A) the Connecticut credit union has not engaged in any
346 material unsafe or unsound practice during the one-year period
347 preceding the date on which the certificate of amendment is filed with
348 the commissioner, [(2)] (B) the Connecticut credit union is adequately
349 capitalized, [(3)] (C) the Connecticut credit union has the
350 administrative capability to serve the proposed membership group
351 and the financial resources to meet the need for additional staff and
352 assets to serve the new membership group, [(4)] (D) any potential
353 harm that the expansion of the field of membership of the Connecticut
354 credit union may have on any other Connecticut credit union and its
355 members is clearly outweighed in the public interest by the probable

356 beneficial effect of the expansion in meeting the convenience and
357 needs of the members of the group proposed to be included in the field
358 of membership, and [(5)] (E) the Connecticut credit union has met such
359 additional requirements as the commissioner may prescribe by
360 regulation adopted in accordance with chapter 54.

361 (2) The commissioner may withhold or condition an approval of an
362 amendment sought by a community credit union, as defined in section
363 2 of this act, under this subsection pursuant to the provisions of section
364 6 of this act.

365 Sec. 10. Section 36a-470 of the general statutes is amended by adding
366 subsection (f) as follows:

367 (NEW) (f) When considering a merger pursuant to this section
368 involving a community credit union, as defined in section 2 of this act,
369 the Commissioner of Banking may withhold or condition approval of
370 such merger pursuant to the provisions of section 6 of this act.

371 Sec. 11. This act shall take effect July 1, 2001.

BA JOINT FAVORABLE SUBST.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Affected Agencies: Department of Banking

Municipal Impact: None

Explanation**State Impact:**

The bill requires the Department of Banking to evaluate the community reinvestment performance of community credit unions that have at least \$10,000,000 in assets. There are 4 community credit unions in the state that have this level of assets. The commissioner is also required to annually prepare and submit to the State Treasurer a list of community credit unions that the commissioner rated in a community reinvestment performance evaluation.

The Department of Banking will review a number of items concerning the credit unions performance:

- The community credit union's record of meeting the credit needs of its assessment area.
- Their record of lending to individuals of different income levels.
- The loan-to-share ratio given the community credit union's

size and financial condition; and

- Their geographic distribution of loans

The analysis of these activities will result in a workload increase for the Department of Banking that can be handled during the department's periodic examination of community credit unions. The department will also be able to handle the creation of a list of rated community credit unions within anticipated budgetary resources.

OLR Bill Analysis

sSB 791

***AN ACT CONCERNING COMMUNITY REINVESTMENT BY
COMMUNITY CREDIT UNIONS.*****SUMMARY:**

This bill subjects community credit unions to community reinvestment requirements similar to those that currently apply to banks. For its purposes, the bill defines a "community credit union" as a Connecticut-chartered credit union with at least \$10 million in assets and a membership limited to people in a well-defined community, neighborhood, or rural area. Smaller credit unions and those whose members work for the same employer or belong to the same association or other group not based on geography are exempt. All credit unions are owned by their members and can only serve their members.

The bill requires community credit unions to undergo periodic assessments of their efforts to help meet the credit needs of their local communities, including low- and moderate-income neighborhoods. It requires them to designate non-discriminatory "assessment areas" for the banking commissioner to evaluate and specifies the criteria and rating scale he must use.

The bill requires the commissioner to provide the state treasurer, annually, a list of community credit unions he has rated "needs to improve" or "substantial noncompliance" in meeting community credit needs. Under the bill, credit unions included on such lists cannot receive state, municipal, or trust fund deposits.

The bill also permits the banking commissioner to consider a community credit union's community reinvestment performance in connection with its requests to (1) open or relocate offices, (2) change its "field of membership" (people who are eligible to become members of the credit union), or (3) merge. He may withhold approval or make

it conditional.

Finally, the bill requires community credit unions to (1) permit the public to see and obtain copies of evaluations and (2) post public notices.

EFFECTIVE DATE: July 1, 2001

ASSESSMENT AREAS

The bill requires, by January 1, 2002, each community credit union to specify at least one assessment area for the banking commissioner to use in evaluating how well the credit union is reinvesting in its community. The bill defines "assessment area" as one or more geographic areas chosen by a community credit union that: (1) consist of one or more cities and their surrounding suburban areas ("metropolitan statistical areas"), or one or more adjoining counties, cities, towns, or other political subdivisions; (2) include areas where the community credit union has its principal office, subsidiary offices, and share-taking ATM machines; and (3) include surrounding areas in which the community credit union makes or buys a large percentage of its loans.

The bill prohibits community credit unions from designing assessment areas that illegally discriminate or arbitrarily exclude low- or moderate-income neighborhoods. Assessment areas may not extend substantially beyond the borders of a state or urban area, unless they are located in a multistate metropolitan statistical area. A community credit union can adjust the boundaries of its assessment area to include only the portions of areas it can reasonably be expected to serve. But it must immediately file any change with the commissioner.

COMMISSIONER'S ASSESSMENT OF COMMUNITY CREDIT UNIONS

The bill requires the commissioner to periodically assess a community credit union's community reinvestment performance consistent with the credit union's safe and sound operation. The factors he must consider are:

1. its record of making qualified investments to help meet the credit needs of its assessment area or a larger area that includes its assessment area;
2. the availability and effectiveness of its retail credit union services and the extent and originality of its community development services;
3. its loan-to-share ratio given its size and financial condition, the credit needs of its assessment area or areas, and other "lending-related activities" (such as loan origination for sale to secondary markets and community development loans), considering seasonal variations;
4. its percentage of the assessment area's total loans and lending-related activities;
5. its record of lending to borrowers of different income levels and businesses and farms of different sizes;
6. the geographic distribution of its loans;
7. any action taken in response to written complaints about its community reinvestment performance;
8. its efforts to resolve delinquent mortgage issues with unemployed or underemployed customers; and
9. written comments the commissioner receives.

The bill requires the banking commissioner to make a written evaluation of the community credit union's community reinvestment performance and give it to the community credit union. The evaluation must include: (1) the commissioner's assessment of the community reinvestment performance, (2) the facts supporting his assessment, and (3) the commissioner's performance rating and an explanation. The bill establishes four rating levels: outstanding, satisfactory, needs improvement, or substantial noncompliance in meeting community credit needs.

PUBLIC ACCESS TO COMMISSIONER'S ASSESSMENT

The bill requires each community credit union to keep a copy of the commissioner's most recent assessment in a public file. It must place the assessment in the file within 30 days of its receipt, and may include its response. The public can look at the performance evaluation for free at the community credit union's principal office and at each of its subsidiary offices in Connecticut.

A community credit union that receives a rating of "needs to improve" or "substantial noncompliance" must also include in the file a description of what it is doing to improve its performance and meet the community's credit needs. It must update the description quarterly until the commissioner gives it a satisfactory rating or better. The bill requires community credit unions to make copies of the commissioner's most recent assessment available to the public upon request. They may charge a fee, but not more than the cost of copying and mailing the assessment.

NOTICE TO PUBLIC

The bill requires each community credit union to post a notice in the lobby of its principal office and each of its subsidiary offices in Connecticut telling the public that the banking commissioner evaluates its record of helping to meet the community's credit needs consistent with safe and sound operations. The notice must also inform the public that:

1. the banking commissioner may consider its record when deciding on certain applications it submits;
2. the public's involvement is encouraged;
3. the public may review its most recent community reinvestment performance evaluation;
4. the public may send written comments about its community reinvestment performance to the banking commissioner, which he will consider, along with any response by the credit union, in his next community reinvestment performance evaluation; and

5. the public may ask to look at any comments the commissioner receives.

The bill contains a sample notice.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 17 Nay 0